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30 June 1955

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MILITARY SITUATION IN EAST CHINA

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II. Peiping has not yet made threatening move while exploring prospects Sino-US negotiations, but activity on mainland shows ChiComs making major effort to achieve state of readiness.

III. Air force capabilities improving rapidly.

A. Runways of Nantai, Lungtien and Chenghai airfields under construction and now considered ready for use; two others (Chingyang and Lungchi) will be finished within six to eight weeks. Fields will permit ChiComs to:

1. Protect coastal navy and merchant ships in Straits;

2. Challenge Nationalist overflights.

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3. Conduct large scale air attacks
against ChiNats.

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- C. ChiComs have received 55 more BEAGLE (IL-28) jet light bombers since late March, raising jet bomber strength to about 200. ChiComs also appear to have got about 100 other BEAGLES and 300 FAGOTS (MIG-15's) from Sovs at Port Arthur.
- D. Activation of Luchiao in April permits ChiCom jet fighters to range along coast into Straits in daily defensive patrols.
1. Despite sensitivity to ChNat overflights, ChiCom jets have rarely intercepted them. Continuing lack modern radars inhibits ChiCom defense.

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~~ChiCom ground forces sufficient to control~~
~~Matsu and Quemoy.~~ Strength has remained
constant (555,000 field forces and security
troops between Shanghai-Canton; 50,000
opposite Matsu; approx 70,000 near Quemoy.)

V. ChiCom naval strength apparently growing.

A. Four of ^{five} seven submarines and both
destroyers were given to ChiComs last
fall.

B. After Tachens evacuation, ChiCom navy
extended operations southward and now

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[REDACTED]
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has several new stations for patrol

craft along Chekiang-Fukien coast.

- C. Lightly armed patrol craft and few torpedo boats are only ChoCom craft known to be based Amoy and Foochow areas.
- D. Larger ChiCom ships unlikely to be committed to Straits until air cover available.

VI. ChiComs making strides in improving logistics in backward coastal provinces.

- A. Southeast China road net extensively improved. New roads built, old ones widened, new bridges replace ferries. At present, ChiComs have well-engineered two-way road net for heavy military traffic from inland railroads to cities, staging areas, and airfields along coast.

- B. [REDACTED] new construction heavy-duty roads along peninsulas north and south of Matsu.

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[REDACTED]

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work underway on Fukien's first rail line. Projected route to run Kueichi (on Chekiang-Kiangsi RR) to Foochow; branch line to run Nanping (midway between Kuechi and Foochow) to Amoy.

Neither line expected to be completed before 1956, but work may be speeded.

- D. ChiCom merchant ships from Canton continue to call at Swatow, and merchantmen moving down to Wenchow, to the north. Small craft very active in Straits recently, presumably transshipping supplies from Wenchow and Swatow to Foochow and Amoy. With air protection, ChiComs may use coastal shipping for large amount of military supply requirements.

VII. In sum, although ChiComs preparing for any eventuality, we do not yet have positive indications they intend making major attacks in the near future.

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A. During current exploration of prospects

for direct talks with US, ChiComs moving
carefully to avoid prejudicing such
meeting.

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NSC BRIEFING

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ITALIAN GOVERNMENT PROSPECTS

I. In Italy, where the Scelba cabinet fell on 22 June, a prolonged period of maneuvering to form a new government is in prospect.

A. Former agriculture minister and native Sardinian Segni, a left-wing but personally Conservative Christian Democrat, was asked by President Gronchi on 26 June to form a new government. He has until today to reply.

1. If Segni decides to make the attempt, he will probably try to reconstitute the coalition with the minor center parties.
2. The center parties are, however, increasingly uneasy over their loss of popularity during their long period of association with the Christian Democrats and the stalemated social reform program of the Scelba government.

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B. The most likely long-range prospect

is an all-Christian Democrat cabinet based on parliamentary support from either the Monarchists or the Nenni Socialists.

1. Thus, odds about 60/40 that Segni might turn to Nenni for help.
2. Such a government, however, whether headed by Segni or another, would be beset by cleavages between the Christian Democratic party's left and right wings.
 - a. The left wing has predominated since the 1953 elections, but has not been able to maintain full discipline in the parliamentary group.
 - b. The right wing, where much of the wealth is concentrated, remains influential and along with the small Liberal party, has

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form program.

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3. The Christian Demcorats, who were

encouraged by their success in the Sicilian elections of 5 June, apparently hope to consolidate their strength before next year's local elections.

a. They may then decide to try national elections during the same year.

C. The period of instability thus in prospect will probably mean no important changes in foreign policy, but continued delay is to be expected in the Assembly's ratification of the NATO Status of Forces agreement.

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I.

[REDACTED]
[REDACTED] North Korea may now have or
may get more jets than previously credited.

B. [REDACTED] the T/O and E calls
for a total of 334 MIG-15's, 99 IL-28's
and 166 miscellaneous propeller-driven
aircraft.

C. This totals some 200 more aircraft
than we have previously credited to the
NKAF, with bulk of difference being
in jets.

D. Up to last week, NKAF credited with
only 170 MIG-15's, 50 IL-28's.

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1. Last week, Air Force upped MIG-15 estimate to 220, on basis other information.

E. As to actual, rather than T/O totals, NKAF units usually under-strength and probable that difference between estimates and actuality is considerably less than 200.

II.

[REDACTED]

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[REDACTED] 5th air division, (previously credited only with conventional aircraft) has MIG-15's in its T/O.

- A. Possible that additional jets were given to the Koreans when Soviet air units withdrew from Yalu River area in late 1954.

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III. [REDACTED] General Wang Yong,

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CG of NKAF was relieved by former CNO
(Admiral Han Il-mu) following famous
defection of NKAF man with MIG ('53).

A. Like most top Korean military and
political leaders, both Wang and Han
are Soviet citizens.

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IV. [REDACTED]

A. NK pilots being trained in Manchuria
under Soviet advisers. [REDACTED]

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B. New motorized artillery has been
brought in from USSR [REDACTED]

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C. All NKAF combat units are now based
in North Korea, except 4th (Bomber)
division. 4th will move into Korea
from Kingchuling, Manchuria, when
8,200 foot runway completed at

Pukchang [REDACTED]

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[REDACTED]

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POWER BALANCE IN ARGENTINA STILL UNCERTAIN

- I. Brief but violent military revolt (16 June) in Argentina has altered power structure of government.
 - A. Dominant voice in the government has been reassumed by the Army (traditionally the arbiter of Argentine politics before Peron developed organized labor as his major base of power).
 - B. Durability of this change, however, remains to be seen. One test will be composition of new cabinet.
 - C. There has been considerable delay in announcing new cabinet (may be known by this weekend). We feel delay stems from diversity of groups and motives behind revolt--result: loose ends still not tied up.

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II. At present, the military (especially Minis-

ter of the Army Lucero) probably controls the Argentine Government, although the Army reportedly has taken great pains to conceal the extent of its power over Peron.

- A. Government communiques continue to stress that the situation has returned to normal.
- B. "State of siege" has been ended, Lucero returned to his regular duties.
- C. Reported 28 June resignation of Peron's minister of interior and justice, Angel Borlenghi (whom army officials bitterly oppose and consider a Communist) now confirmed by him in press conference.
 - 1. Borlenghi told press his resignation "irrevocable," he plans travel abroad.

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2. There is considerable evidence that

Borlenghi was a major instigator
of the Church-State conflict.

Objective: apparently to halt
Peron's rightward trend of past
year, thereby making him more
dependent on leftist labor support.

3. His departure is triumph for
military.

III. High military leaders

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fear that civil war might result from
any immediate removal of Peron (whose party
won almost 68 percent of total vote in
April '54 congressional elections).

A. Military officials reportedly believe
Peron's ouster should not even be con-
sidered until after the military is
certain that the General Confederation
of Labor (CGT) has been disarmed.

B. Also want to make sure of position of
Army non-commissioned officers, who have

been specially favored by Peron.
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IV. Borlenghi's ouster is strong evidence that

Peron has agreed to meet demands resulting from Army-Navy negotiations. Army officials, despite some distrust of Peron reportedly have agreed to allow Peron time to proceed alone in meeting these demands.

A. Major demands were: resignation of all cabinet officials, dropping conflict with Church, no punishment for navy men and "purging" of CGT.

B. Other evidence (in addition Borlenghi's departure) supports belief that Peron now responding to this Army pressure:

1. Announced resignation of all cabinet officials (23 June) "to give the president a free hand."
2. 27 June resignation of CGT Secretary-General Vuletich.

V. Physical location fleet units remains unresolved mystery at present.

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A. These possibly bargaining counters

for Navy dissidents, being held back
until Army makes good its promises
(for instance, amnesty for arrested
officers).

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NSC BRIEFING

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OC - 5888-55

WEST GERMAN ARMS DEBATE

- I. Bitterly contested arms debate in West German Bundestag is indirect rebuff to Adenauer, but does not indicate his power over public opinion and Bundestag slipping.
 - A. Adenauer's general popularity remains almost at peak and bill is expected to pass comfortably.
 - B. Coalition opposition to poorly-drafted temporary bill only reflects deep concern that "Prussian-type" militarism be avoided.
 - C. Bad coordination between ministries and parliament also responsible for poor showing of coalition in debate.
- II. Debate (27-28 June) nonetheless leaves uncertainly whether Adenauer can get any Germans into uniform before Autumn '55.
 - A. Bill authorizes call-up of 6000

volunteers for army nucleus.

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B. Bundestag passed bill on first reading, but demanded changes in text to sharpen definition civilian control over Army.

C. Because Bundestag adjourns 15 July, little time left both for changes and for Bundestag and subsequent Bundesrat final approval (three readings required in Bundestag).

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INDONESIA

OC1 - 5000 - 55

- I. Last week, in Indonesia, a resurgence of long-standing tensions between the Army and the Government brought about a crisis which may result in collapse of the PNI-led coalition cabinet.
 - A. Anti Iwa-Chief-of-Staff resigned and government selected a new Army Chief-of-Staff -- Gen. Utoyo -- and installed him in office on 27 June. However, the Deputy (and formerly acting) Chief-of-Staff (Col. Lubis) together with all six territorial commanders has refused to recognize Gen. Utoyo.
 - B. Col. Lubis suspended by Government but refuses to recognize his suspension and claims the support of the territorial commanders.

C. The six territorial commanders, four of whom are strongly anti-Communist, boycotted Utoyo's installation ceremony.

II. Yesterday (29 June) a motion of non-confidence

in pro-Communist Defense Minister Iwa was made by independent Chairman of Parliament's Military Affairs Committee.

A. To pass, the motion will require some support from among 11 parties presently forming the Government coalition.

1. Such a sudden switch of votes (30 would be needed) is not unusual in Indonesia.

B. In view of currently low PNI prestige, (as result of Army troubles, and economic deterioration) as well as increasing conviction among Parliament members that opposition will win Sep '55 elections, passage of motion is quite possible.

III. Real target of territorial commanders is defense

minister Iwa.

IV. Collapse of entire Cabinet remains possibility,
however.

A. Should coalition fall, opposition would prefer
"presidential cabinet" in its place rather than
itself taking on government responsibility in
pre-election period when economic woes are
causing widespread criticism.

V. President Sukarno, for the first time, finds
himself challenged by Army and Parliament.

A. Sukarno is believed to have selected Utoyo,
(himself a territorial commander -- South
Sumatra) for Chief-of-Staff post.

B. Sukarno continues efforts to maintain official
status as "above" all parties.

1. Wants to keep himself available for
cooperation with Masjumi if they should
win elections.

2. He has refused National Party request

that his name be used on National Party
election list.

C. Also significant is fact that National Police
(70,000, with 17,000 in mobile brigade, all
under Prime Minister) for first time abandoned
neutral status, sided with Army.

VI. Effect of present crisis on September
parliamentary elections (nation's first) not clear.

A. Army known to want elections held on
schedule.

B. During past two weeks and prior to army
crisis, Prime Minister Ali and other cabinet
officials assured nation elections would be
held as scheduled.

VII. Ali said insecure and isolated areas would have
to be bypassed -- representatives appointed.

A. These delegates will account for approximately

15 percent of parliamentary strength.

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